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Title:
Decentralisation of Industry

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DECENTRALISATION OF INDUSTRY

South Australians must be interested in Decentralisation.
We are faced with this problem on both a National and State basis.

For Decentralisation of Industry can have different meanings when applied to the Commonwealth as a whole, between each State, and within each State.

For instance:

- . There are proposals that industries at present located in metropolitan urban areas should be encouraged to establish themselves outside these areas to stop rising population in the capitals, e.g. Sydney and Melbourne.
- . There are proposals to stimulate industrial expansion in new or existing towns - to nominate growth centres.

- . There are ideas to encourage the development of industry of all kinds in the less populated States, so that those States may grow as fast or faster than Australia as a whole.
- . There are ideas that primary industries be assisted financially to aid growth and stop drift of population from the land.
- . There are proposals for crash drives for the more rapid development of natural resources especially in mining.

From this you can see the different aspects from State to State. Sydney and Melbourne are large cities, decentralisation means a shift to the country in these States. Tasmania is a small State, but it already has some large provincial centres - Hobart, the capital, is small by comparison to State population. So Decentralisation of Industry there means the attraction of industries from the mainland with the resultant increase in the growth of Hobart.

In South Australia we too are anxious to attract industry and to expand existing industry within the State. We have a two-fold purpose. First to increase industry as a whole in the State and at the same time to ensure that wherever possible industries are promoted and encouraged in country areas.

WHAT TYPE OF INDUSTRIES

But what type of industries can we expect to promote in rural and provincial areas to increase population. For that undoubtedly is the aspect of Decentralisation-that is the main topic of this Seminar.

What sort of industries can we expect to influence by a Decentralisation policy? And what industries could significantly affect the future distribution of the South Australian and Australian population. *Decentralisation cannot be an artificial creation - it must be soundly based economically.*

PRIMARY INDUSTRY

There does not seem to be much likelihood that the size of the workforce engaged in rural or primary industries could be substantially

increased to (critically) change population concentrations. The whole world trend appears to be the opposite - towards an increasing capitalisation and diminishing labour force directly employed on farms. Some intensification may take place in certain areas, ~~in~~ irrigation for instance. But it is unlikely that this would be a dominant movement in substantially increasing the population of towns, and cities. This is not to say that these fields are unimportant but that to achieve any radical increase in population in rural areas we should look elsewhere.

SECONDARY AND TERTIARY INDUSTRIES

So it is to Secondary Industry and to a lesser extent Tertiary Industry that we must turn.

In this field there is clearly a category of factories which are influenced by ease of access to sources of raw material. Particularly is this so in heavy industries such as iron and steel, chemicals, forestry, etc. where transport costs are a major item.

Some of these are obvious but there are others which may have tended to grow up away from their source of raw materials and which in any expansion programme should be induced to re-locate.

RESOURCE ORIENTATED INDUSTRIES

For instance there are industries which draw their basic materials from a particular region, process them in the capital city - or even in another State - and then sell the finished product in the region from which the material was first drawn. Stock foods, pet foods are examples. There may be some sound economic reasons for these apparent paradoxes but they must be identified.

There are also tertiary industries which come into this category. Industries which must be located in the areas to be given service. Firms of this nature can be easily discerned and steps must be taken to encourage them to decentralise.

FOOTLOOSE INDUSTRIES

There are also however, other industries which owe no natural allegiance to a specific area. These are the so-called "foot-loose" industries. Industries which are mainly self-sufficient as far as ancilliary industries are concerned and for which transport, both in and out, is not a high proportion of overall costs. The identification of these industries is of major importance in any decentralisation programme.

We do not know enough about these industries. We can make some calculated guesses but we may be proven to be wrong. For instance one would possibly consider that a pharmaceutical or drug manufacturer would come in this field. But on closer inspection you may find that this type of manufacturer usually likes to be close to Research Institutes, Medical Schools and centres of learning.

SMALL INDUSTRIES

In addition we must be careful that we do not only look for

large and spectacular industries. There are only few of these and there are many areas which would all lay claim to them. There is naturally keen competition for such firms.

This brings me to another point and one which can possibly be easily overlooked. It is that there are many small industries I feel that come within both classifications we have been talking about - resource orientated and footloose industries. Many of these industries evolve in the country towns simply because someone has the drive or ability to foster them. We have manufacturers of aluminium windows, race-course starting gates, agricultural implements, automotive parts and other most unusual products manufactured in country towns of South Australia. A number of these small industries will certainly increase the growth of a town or city. In addition that centre will not be entirely dependent on the fluctuations in demand of one firm.

CRAFT INDUSTRIES

This idea of small industries can be further extended into another field in which South Australia and for that matter Australia, seems to be lacking. These are the so called "craft industries" - industries peculiar to a town, area or State. By craft industries I do not mean "cottage type" industries such as are found in some under-developed countries. I refer to some of the fine crafts engaged in the labour consuming manufacture of art ware - in glass, pottery, textiles or even clothing — articles which can easily stand transport costs and which are aimed at a selective market. *Sweden, Switzerland & Israel have done well in these things. I believe research should urgently be undertaken into the development of craft industries related to pine products.*

The above are some of the broad general types of industries which appear to be most suitable for planned decentralisation. The problem to be faced is the identification of these industries and the South Australian Government has already made preliminary investigations in the matter. But one thing stands out. That is that while there is no lack of material discussing in general terms the relative merits or

demerits of decentralisation, there is a dearth of empirical data permitting quantitative or qualitative assessment of the problem. We must investigate and identify these industries. We must know their problems in order that a successful Decentralisation Policy can be built up.

And I can say that the South Australian Government realises the necessity for this and that these aspects of Decentralisation will be considered and investigated in line with our general policy of Industrial Development in the State. We shall give these matters the thorough attention that is required. *In the development of our Industrial Development Branch, the promotion of a Design Center, the setting up of an Industrial Research Foundation, we are intent on getting the necessary background studies made.*

STATE PLANNING AUTHORITY

But here let me turn to another point and this is co-operation between all those concerned with decentralisation. For if we are to accomplish anything in this field its degree of success will depend upon co-ordination and co-operation.

The State Planning Authority has now been set up. Included in its functions is the promotion and co-ordination of regional and town planning and the orderly economic use of land in the State. It is hoped that the authority and the various Government departments will work together and I see no reason why they should not.

But one of the problems to be overcome in formulating decentralisation policy is the need for people and councils to think regionally and not as individual persons, towns and cities.

NEED FOR COUNCIL CO-OPERATION, ETC.

For instance there are many cases where the ideas and thoughts of town councils and the immediately surrounding district councils seem to run on divergent paths. Co-operation is essential. It is important for local government to realise that where towns seem to be expanding over their boundaries into adjoining districts that the urban area is in fact one entity and must be considered as such for the purpose of

promoting development. These boundaries were often constituted in the era of the horse and buggy and bear little relation to present day.

To overcome this we need to raise our sights so that the special problems of today which transcend these boundaries require consideration on a Regional, State and National basis.

I would ask that councils and other bodies would co-operate with each other on these matters. The Planning and Development Act, which will be the subject of a more detailed description in a later paper, does require the State Planning Authority to consult councils at many stages in the planning process. It is my earnest hope that the councils with common regional interests in these matters will be able to speak with a common identity of purpose.

GOVERNMENT ASSISTANCE

As in the case of industries the identification of regions requires close examination. There are social, economic and geographical

features which must be taken into account. Here again Government Departments can assist. These are clearly matters which will be of the greatest concern to the State Planning Authority in determining what planning areas shall be adopted. Much research and investigation must be carried out in these fields. *The State Planning Authority has been constituted that all relevant State authorities are represented and their work can be co-ordinated.*

* Decentralisation will be accelerated if the right climate of local co-operation and identity of purpose can be created.

The South Australian Government has and will continue to intensify its efforts towards decentralisation. The necessary research and investigations will be carried out in both the industrial and planning spheres but we must not forget that decentralisation is a matter that transcends our local and state boundaries and in order to achieve the maximum results from our efforts we must never lose sight of this fact.

* *The passing of the Planning & Development Act - accomplished after a considerable struggle against vested interests represented in the legislative Council - has taken S.A. from being the only State without adequate legislation in this area to the State with the best.*